

The
Borden Company

ANNUAL REPORT
88TH YEAR



BOARDS

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1945

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ANNUAL MEETING

The annual meeting of stockholders will be held on April 17, 1946. Material for the solicitation of proxies for this meeting, along with a form of proxy, will be mailed to stockholders about March 22nd. This report is not part of the material to be used in soliciting proxies, but is issued solely for the general information of stockholders and employees.

MARCH 2, 1946



B O R D E N

Stockholders'
Bulletin

Check enclosed for

THE 144th CONSECUTIVE DIVIDEND



A Message from the President

Recent months have witnessed steady progress toward the fulfillment of company plans made during the war for peacetime execution. The future should permit developments at an accelerated pace, as the country generally makes headway in its return to normality.

Our own experience in translating plans into achievements has been successful in some instances, disheartening in others. It serves to point up the complexity of our national economic system, the interdependence of its various components and the hugeness of the task of regearing the nation's activities to a peacetime tempo.

It has been many months since the white flag went up over Tokyo. We still find ourselves under government controls originally established as wartime measures. Many of these regulatory policies have discouraged and retarded the resumption of normal operations. Other restrictions have been removed so suddenly that the economy was unprepared and repercussions have resulted.

This vast national problem is reflected in many smaller ones in our own business. Procurement of some supplies remains difficult. Equipment manufacturers have been hampered, the delivery of machinery delayed. This has caused a postponement of some of our schedules.

SHARK REPELLENT

Residents of Salerno, Florida may have thought some hard things about our Shark Industries Division at one time during the war, when the tropical breezes wafted, not the smell of orange blossoms, but



that of cooking shark flesh to their nostrils. Company officials couldn't offer any explanation at the time, but all is forgiven now, for the townspeople know that brief period of unpleasantness resulted in saving a good many American lives. Working in cooperation with the Office of Strategic Services, Shark Industries technicians were developing a chemical which would drive off hungry sharks and give sailors or downed fliers adrift on the ocean just one more chance for survival. From long experience in fishing for shark our technicians knew that the fish would not eat flesh of their own kind that was over 24 hours old. On this basis, experiments were begun to develop a solution that could be used as part of the standard life-saving equipment for boats and planes. In deep secret the substance was manufactured and tried out in Florida, South American and Pacific waters. When its success was established, a method of preparing it in bulk by chemical synthesis was achieved and our Navy had another item to add to the protection of our fighting men.

LITTLE ONES INTO BIG

Newest development in the wood industry is Lap-ply, molded plywood, developed by a technician of our Casein Company of America Division. Making compound curved surface ply-

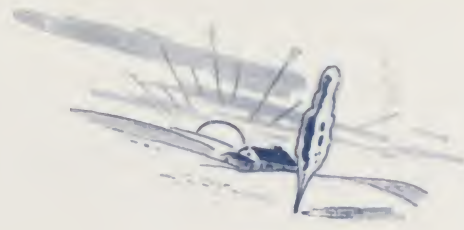
wood articles such as boat hulls and airplane fuselages has always been a complicated task. It requires perfect matching of the wood veneers, absolute accuracy of fit and high pressure for gluing the curved work, all involving skilled labor and great cost. The new Lap-ply process consists of molding thin veneers of wood overlapping one another in such a way that they may be shaped to conform to any type of simple or compound curved surface. Only short, mild heat treatment under very low pressure is required to cure the new molded plywood, using Cascophen glue. Laying the plies requires no precise fitting, and requirements for wood veneer quality are not as stringent as in the ordinary plywood molding methods, as the overlapping plies derive strength from the glue bonds between them. Result is a quicker, cheaper method for building boats, cabin tops, cabinets, luggage or other wood articles with curved surfaces. First large production orders were for a fleet of plywood dinghies for use on Army Air Forces crash boats and cabin tops for sailboats and power cruisers.



THE BORDEN COMPANY

350 MADISON AVENUE, NEW YORK 17, N. Y.

Printed in U.S.A.



FOR THE first time in generations, mankind has an opportunity to achieve the lasting peace we all desire. Leaders exploring the pathway to this long-dreamed-of goal agree that one of the most important ingredients in any peace formula must be a broader use of the world's goods to lift the world's living standards.

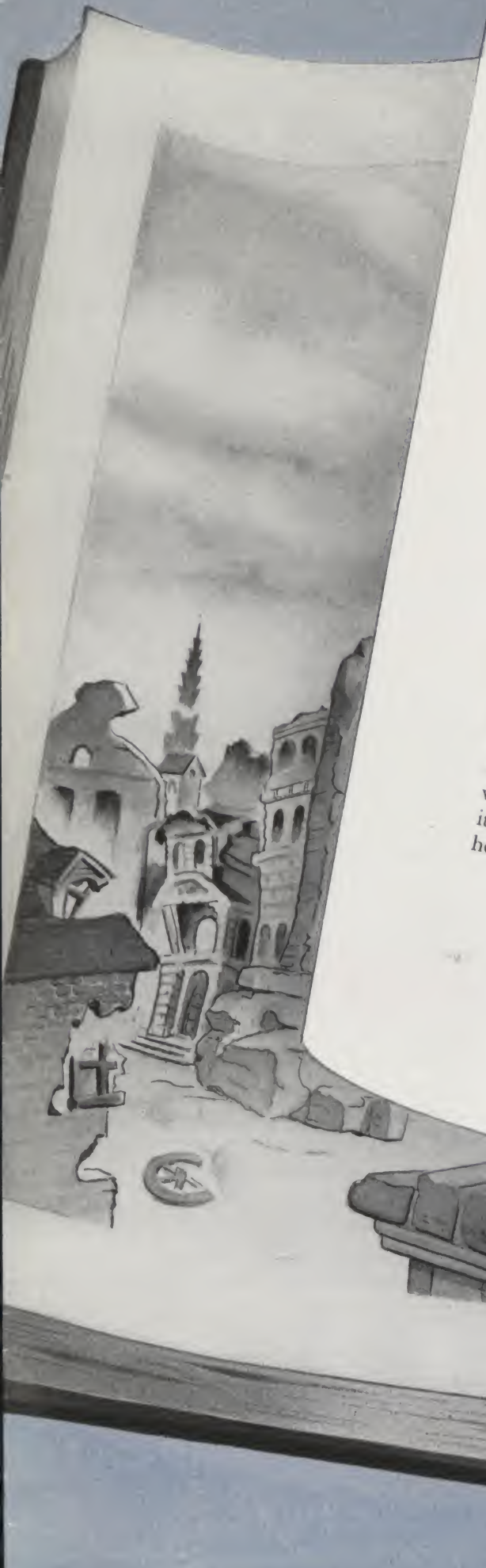
For us here in America this means that we not only must continue to use our productive capacity that proved itself so magnificently in war, but we also must perfect our selling and distributing organizations so that our products reach the widest possible market at the lowest possible cost. Thus we make our contribution toward a sound world economy and establish improved security for the company and its employees.

This will not be done by dreaming or economic sleight-of-hand but by free enterprise and the same kind of determination and cooperation that brought our military victory. It will be done by hard-headed, hard-working men and women.

Contributions to a stable economic structure and better living will be made by men and women like those who produce raw materials for Borden's, like those who work for us, like those who own our company. They will be made by Americans who know that victory in peace, like victory in war, must have its roots in the plants and shops and stores, in the homes and hearts of free men.

Thorndale G. Montague

President



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Chairman of the Board

HAROLD W. COMFORT
Executive Vice-President

LESTER LE FEBER
Milwaukee

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*President, The Equitable Life
Assurance Society of the United States*

L. MANUEL HENDLER
*Hendler Creamery Company
Baltimore*

MADISON H. LEWIS
*Pioneer Ice Cream Division
New York*

HENNING W. PRENTIS, JR.
*President
Armstrong Cork Company*

AUSTIN S. IGLEHEART
*President
General Foods Corporation*

THEODORE G. MONTAGUE
President

BEVERLEY R. ROBINSON
Milbank, Tweed, Hope, Hadley & McCloy

ROBCLIFF V. JONES
Vice-President

MARCUS M. MUNSILL
Spencer Trask & Co.

HARRY A. ROSS
Vice-President

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Executive Vice-President

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CHARLES F. KIESER, *Vice-President*
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THEODORE O. HOFMAN, *General Controller*
HARRY L. CAMP, *General Auditor & Asst. Treas.*
GEORGE BITTNER, *Assistant Treasurer*
A. BROOKS PRAY, *Assistant Treasurer*
DOUGLAS T. ORTON, *Assistant Secretary*

EXECUTIVE OFFICES

350 Madison Avenue, New York 17, N. Y.

REGISTERED OFFICE

117 Main Street, Flemington, N. J.

TRANSFER AND DIVIDEND DISBURSING AGENT

THE CHASE NATIONAL BANK OF THE
CITY OF NEW YORK
11 Broad Street, New York 15, N. Y.

REGISTRAR

BANKERS TRUST COMPANY
16 Wall Street, New York 5, N. Y.

COUNSEL

MILBANK, TWEED, HOPE, HADLEY & McCLOY
15 Broad Street, New York 5, N. Y.

AUDITORS

HASKINS & SELLS
1 East 44th Street, New York 17, N. Y.

THE PRESIDENT'S REPORT to Stockholders and Employees

We have completed a year of progress in Borden history. Sales and profits improved, with every major division contributing to a better sales showing, and all save one to improved profits. Our job of supplying the goods that were needed for the war came to an end, and our young men and women began returning from the armed services. Our policy of diversification was continued, new products were developed and marketed, and new operating fields entered. Erection of new plants and procurement of new equipment got under way.

The war is over, but many of its problems remain. Historic and normal price relationships between the various dairy products and other food products are badly distorted and must be

adjusted if unwieldy surpluses of some products and severe shortages of others are to be avoided. Subsidies, while helping to keep consumer prices of dairy products low, also shield the public from certain economic facts which must eventually be faced. In solving problems of both subsidies and price relationships, intelligent, cooperative effort will be required from government, farmers, labor and industry.

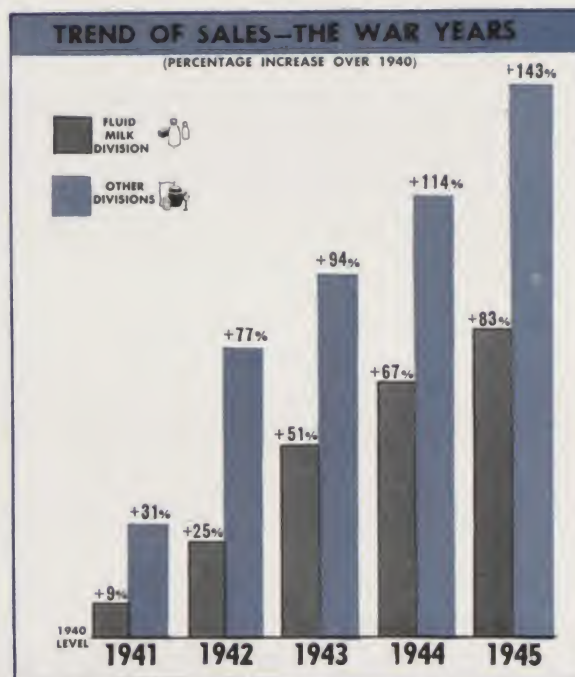
Our reconversion problem is largely one of shifting markets; we shall again be able to devote most of our time and attention to civilian consumers, instead of the government. Progress toward the solution of this problem will be measured largely by the availability of ingredients, materials and equipment in the months ahead.

FINANCIAL MATTERS

SALES

Our sales during 1945 were the highest in history. They totaled \$459,454,880, an increase of 12% over the \$410,478,189 of the previous year, which was in itself a record.

Accounting for this sales increase are several main factors, including the obvious one that government requirements were high during the first six months and civilian demand generally exceeded supplies throughout the year. In most lines, the slack resulting from cancellation of the government's war orders was quickly taken up by civilian consumers. In dairy products, the inadequate supply of milk curtailed our potential output, while sales were further limited by shortages of sugar, cocoa and other scarce ingredients. On the other hand, total sales benefited from widened markets for some relatively new products, whose development was in line with our policy of branching into fields other than fluid milk as a means of strengthening our earning power and enhancing our future progress.





Consumer Research — By interviewing people in their own homes, we learn their likes and dislikes.

INCOME AND DIVIDENDS

Our net income totaled \$12,093,972, and equaled \$2.85 per share of stock. This was approximately 2.6 cents per dollar of sales. Ranking among the lowest in the company's history, our profit in percentage of sales declined during the war years and was low in relation to that enjoyed by most other industries. Somewhat higher operating margins are justified and will be necessary in order to provide the funds needed for a vigorous program of research, development and growth.

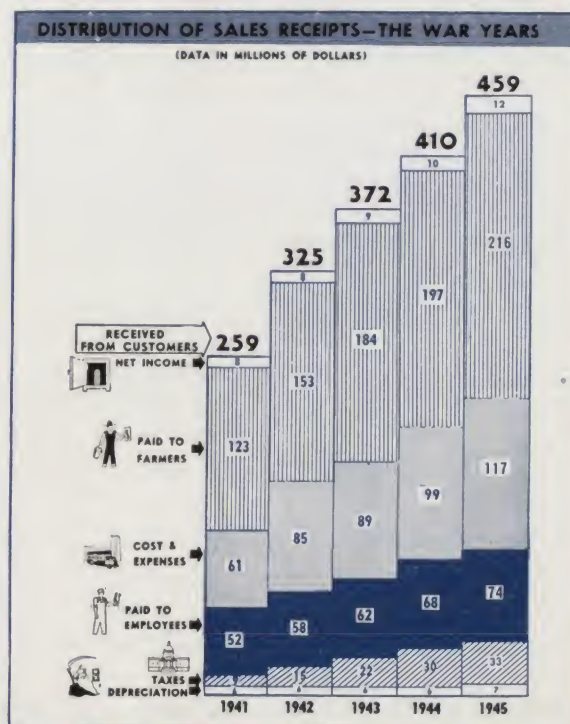
The increased earnings reflect more successful operation of every major division, except the Fluid Milk Division. Despite the most strenuous efforts made under trying conditions, our earnings in this division were slightly under 1944. Substantial increases came from new or expanded activities in other divisions.

Dividends, which have been paid without interruption for the past 47 years, amounted to \$1.80 per share, an increase over the \$1.70 paid during 1944. There were interim dividends of 40 cents per share paid on March 2, June 1, and September 1, and a final dividend of 60 cents on December 20.

RESERVES

In past years we have outlined our policy in regard to the Special Contingency Reserve. During the war years, a total of \$11,500,000 was provided. Charges against the reserve total \$992,755, and include those made in 1945 of \$460,022 representing losses incident to the curtailment of production for wartime needs, and \$221,928 as a result of renegotiating 1944 sales under government contracts. During the year the Board of Directors reviewed the situation and concluded that, in the light of changed conditions, no further addition to the reserve seemed necessary during 1945.

The soundness of setting aside reserves is indicated by a comparison of our prewar inventories with those of 1945, and a consideration of possible fluctuations in inventory values during unsettled conditions which the future may bring. In the five-year period, 1936-1940, our inventories averaged about \$17,850,000; subsequently, however, they reached an all-time peak of nearly \$47,000,000. Even though total inventory valuation reached high levels, stocks of some finished products were below normal. To enable us to carry them at their previously established last-in first-out values, when restored to



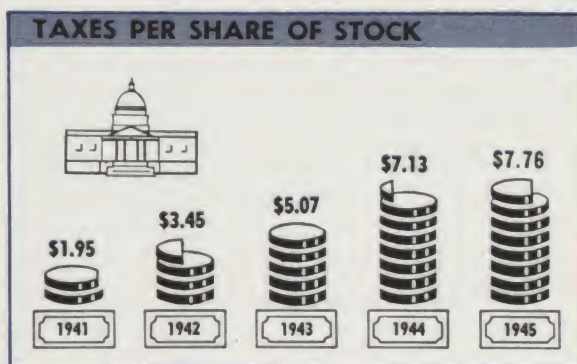
normal inventory quantities, we increased the Reserve for Replacement of Depleted Normal Inventories by \$588,760.

Our reserve for deferred repairs and maintenance was augmented by \$700,000 to cover the estimated cost of future repairs of buildings and equipment which were postponed because of the war.

TAXES

Taxes of every kind totaled \$32,908,596, and were the largest in our history. The steady, year-by-year increase in our tax bill is indicated by the following table:

	TOTAL
1941.....	\$ 8,593,518
1942.....	15,096,404
1943.....	21,954,543
1944.....	30,281,637
1945.....	32,908,596



These tax bills indicate the difficulty of retaining sufficient earnings to provide for transition to peacetime operations, and strikingly demonstrate the urgent need for a practical, realistic national tax policy on the part of the Federal Government. The Revenue Act of 1945 is a step in the right direction. Further progress along these lines will benefit not only institutional and individual stockholders, but also consumers to whose living costs high taxes contribute substantially.

NET WORKING CAPITAL

At the close of the year, our current assets were \$106,784,715, and current liabilities \$27,897,499, resulting in a net working capital of \$78,887,216. The ratio of current assets to

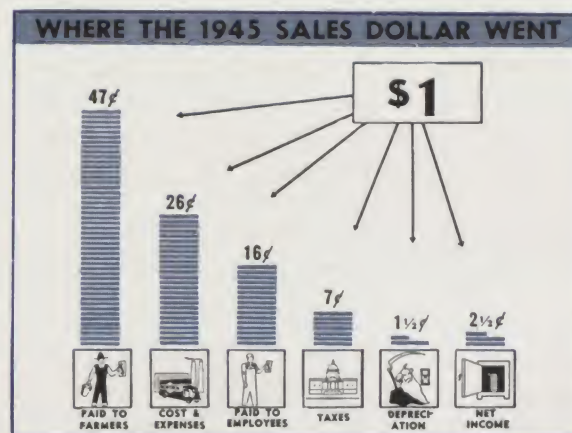


Watch Teacher! An animated Elsie illustrates proper jaw usage to pupils in a school for spastic children.

current liabilities was \$3.83 to \$1.00, as compared with the 1944 ratio of \$4.00 to \$1.00.

Our net working capital at the close of 1945 amounted to \$18.61 per share and was the largest in the company's history, its growth having closely paralleled our increased sales. It will probably not be maintained at present record levels because of large capital expenditures, contemplated for coming years, which will greatly exceed current depreciation accruals.

During the year, we paid \$801,000 on the balance of \$14,497,000 of 2% notes outstanding at the end of 1944, leaving a balance of \$13,696,000.



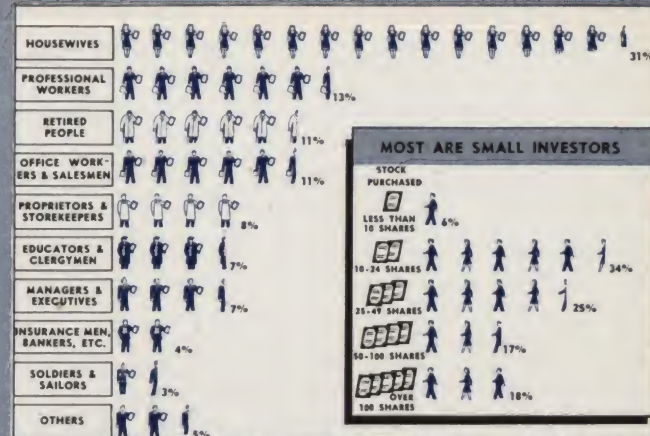
Our securities consist of United States and Canadian government issues. These securities, which are carried on the balance sheet at their cost value of \$27,806,725, had a market value of \$27,808,743 at the close of the year. In addition, we held United States Treasury Savings Notes of \$25,700,000, equivalent to the accrued Federal income and excess profit taxes for the year. These notes appear on the balance sheet as an offset to our tax liability.

PROPERTIES

During the war we were forced to defer the construction of some necessary buildings and the installation of needed equipment. These expenditures are necessary to secure greater operating efficiency. We are now proceeding with these projects, which will contribute materially to postwar employment, as rapidly as materials and building craftsmen become available.

The Board of Directors authorized a budget of capital expenditures for 1946 totaling \$12,785,000. Considerably larger than in prewar years, this budget exceeds our anticipated depreciation by about \$6,000,000. This \$12,785,000 budget, and the carry-over from 1945 and prior years of projects aggregating about \$10,500,000 together represent by far the largest capital expenditure program in our history, and have made necessary the strengthening of our net working capital position.

NEW MEMBERS OF THE STOCKHOLDER FAMILY, 1945



CAPITAL STOCK

Our capital stock continued to be widely held. At the close of the year there were 4,240,000 shares outstanding, and these were held by 49,278 stockholders residing in every state, every Canadian province, and in territories and foreign countries. There were 104 more stockholders than in the previous year. The average holding was 86 shares.

There was no change in the amount of capital stock authorized. There was a reduction of 10,000 shares in stock outstanding. During the year 62,604 shares were purchased by the company and 52,604 shares were reissued to acquire new businesses or for other corporate purposes. Except for the 2% notes outstanding, the company continued without any securities senior to its common stock.

Piping hot! Mince pie gets a warm welcome both at home and in the service.



THE OPERATING DIVISIONS

ICE CREAM

Contributing to the new record sales of ice cream products were the lifting of wartime production restrictions, the expansion of our operations into new territory, and the return of service men who apparently carry their preference for ice cream back into civilian life. As more ice cream became available, sales of sherbets and ices declined only moderately, indicating a wider consumer use of these products than before the war.

At times demand was higher than our ability to provide ice cream. The army and navy received all that was needed—their orders, incidentally, diminishing as demobilization proceeded. But civilian sales expansion undoubtedly would have been greater had there been ample sugar, and sufficient manpower, equipment and miscellaneous supplies.

Our volume in the Ice Cream Division has almost doubled in the last five years, and because of the large volume, this division is now the largest contributor of any division to our total earnings. The steadily increasing consumer acceptance of ice cream as a year-round dairy food gives promise of further increased sales, as increased supplies of ingredients become available. The industry's zealously in maintaining high quality has also been a potent sales stimulant.

FLUID MILK

The sales of fluid milk products increased, but profits decreased. In relation to total sales of all products, sales of the Fluid Milk Division no longer constitute the larger part—a steady decline in percentage having been experienced since 1938. For many years the fluid milk business has been conducted at an extremely small margin of profit, in fact at times and in some places at a loss. The general public does not fully realize this.

In September, 1945 a comprehensive and impartial study and report was completed of the operating conditions and costs of six leading milk companies in the New York-New Jersey Metropolitan area. The report was made by

Cornell University under the personal direction of Dr. Leland Spencer, professor of marketing.

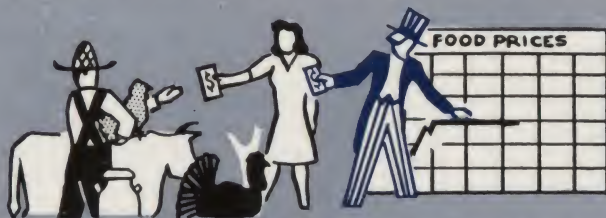
A summary report indicates that the six distributors for the years 1941, 1942, 1943, and 1944 showed an average net profit of only $\frac{1}{2}\%$ per dollar of sales. Moreover, even this meager margin was possible only by the most rigid economies and efficiencies in both processing and distribution. A copy of Dr. Spencer's summary report will be mailed upon request.

During 1946 the fluid milk industry may be faced with the problems created by the withdrawal of Federal Government subsidies. These subsidies amount to as much as 2¢ per quart, varying as to locality and season. By reason of these subsidy payments consumers have enjoyed a much lower price for fluid milk than would otherwise have been possible. Future government policy in regard to these subsidies provides

Borden milkman, friend, and medal he received for catching her in his arms as she fell from an upper story.



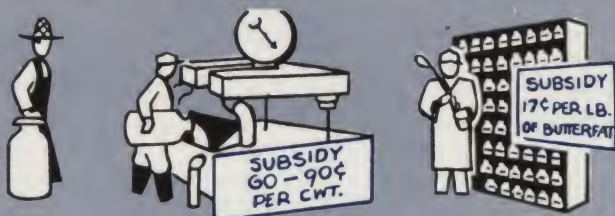
THE STORY OF DAIRY SUBSIDIES



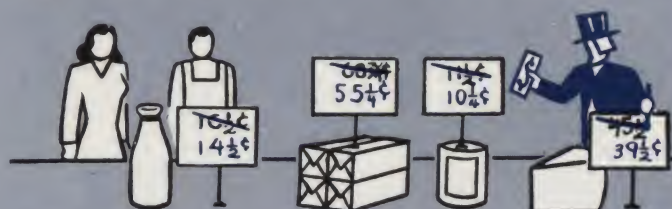
- 1 To promote food production and keep prices down Uncle Sam has been paying a good part of the U.S. grocery bill. Federal subsidies cover most of the important foods.



- 2 In the case of dairy products, this is what the milk production subsidy meant during a typical month.* To the U. S. Treasury, an estimated \$42,500,000, paid to farmers.



- 3 To Farmers, this subsidy meant payments of 60-90¢ per hundredweight of milk, or 17¢ per lb. of butterfat.



- 4 To Consumers, this subsidy was equivalent to 1 1/2-2¢ per quart of fluid milk, 13 1/2¢ per lb. of butter, 1 1/4¢ per can of evaporated milk, 6¢ per lb. of cheese.**



- 5 Subsidies vary according to season and location. In addition to farm payments, there are other fluid milk subsidies in New York City and 12 other areas.



- 6 Two special subsidies have been removed: a 5¢ per lb. subsidy on butter, and a 3 3/4¢ subsidy on American Cheddar cheese. In both cases, consumer prices rose.

a problem since the already meager margins available to the distributor of fluid milk cannot absorb further increases in costs, if the industry is to survive, particularly in the large cities.

Every-other-day delivery of milk to homes has been continued generally, and it is largely this economy in distribution costs which has made possible the substantially higher take-home pay of deliverymen. In addition, many jobs have been preserved which otherwise would have been lost because higher prices would have sharply reduced the volume of retail sales.

More markets adopted the convenient and space-saving square milk bottle, and its use will be extended as rapidly as new bottles can be obtained and equipment adapted. There will be a wider use of paper containers in answer to a demand from storekeepers and consumers in many areas.

Never before in history has the consumption of fluid milk reached the per capita record achieved in 1945, indicating a higher degree of nutrition-mindedness on the part of Americans, and especially of returning veterans.

MANUFACTURED MILK PRODUCTS

The large demand for fluid milk created a milk shortage, which, developing during the latter part of the year, sharply curtailed our manufacturing operations. As the situation became acute, the demand was met by milk diverted from our evaporating and powdering plants. The curtailment of production, plus large deliveries of both powdered and evaporated milk to the government, resulted in insufficient supplies of manufactured milk products for consumers—although our relative position in the industry was maintained.

Sales of evaporated milk to the trade were, as in recent past years, consummated at a loss because of OPA ceilings. The greatly needed price increase was not granted during the year. Important to users of evaporated milk was the increase in fortification to provide 400 units of vitamin D to the pint.

Our grocery products merchandising efforts were intensified in civilian markets with the

end of the war. The sales force was enlarged to give more concentrated coverage and prepare for aggressive selling.

Development of new products and the improvement of established ones continued. *Borden's Instantly Prepared Coffee* was introduced to civilians, and met with good acceptance. Further improvements in powdered *Hemo*, and test-market introduction of *Hemo* in liquid form, give promise of additional sales volume. Sales of *Eagle Brand*, our original product and still the leading sweetened condensed milk, were good in view of the short sugar situation. Demand for *None Such* mince meat exceeded our ability to supply, and manufacturing facilities are being expanded. Shortages of sugar, cocoa, and other ingredients still prevailed, delaying the introduction of some items and the expansion of markets for others.

All government contracts for powdered milk were filled. Sales of Borden's lemon and orange powders, which had been used in army field rations, were again concentrated in the bakery and confectionery trades.

CHEESE

Contributing to the gratifying improvement in the market for Borden-branded cheese products was a vigorous advertising program. Our promotional efforts were inspired by the need for cultivating new outlets to absorb vast quantities of cheese that had been exported during the war. Some future government purchases may still be made for foreign relief, but the Cheese Division is vigorously developing increased domestic demand to maintain its future sales.

Promotion of natural cheese will be continued. The demand for cured cheeses cannot be met, however, until price ceilings are further amended to provide adequately for the cost of storage and curing.

Total volume, both in tonnage and in dollars, reached a new peak. Earnings likewise showed a gratifying improvement. Further promotion and distribution of Borden cheeses on a nationwide basis should prove helpful in expanding cheese consumption generally in the United States.



COFFEE



CHEESE



SOY NUTS



ICE CREAM



Three little maids christen an addition to the Borden fishing fleet — with Borden milk!

CASEIN

No Borden division was more seriously affected by the war's end than our Casein Company of America, where a large part of production had been allocated to war materials. Reconversion of our adhesive plants was no problem, but the reestablishment of peacetime markets will take time due to conditions beyond our control.

Future progress will be measured largely by the situation of the industries which we supply with adhesives. Many of our customers are finding reconversion difficult because of low lumber production and unsettled conditions which may prevail well into 1946.

To widen our markets, research in both the synthetic resin and casein fields is being directed toward improved adhesives for industrial wood-gluing, labelling, paper and cardboard. Plant facilities to serve these markets are being expanded. The division is developing new consumer package items.

SPECIAL PRODUCTS

Expansion into new fields and development of established lines resulted in improved sales of poultry and animal feed supplements, vitamin products, soy products and flavors.

Our increased crushing capacity necessitated doubling the capacity of the storage bins at our Soybean Processing Company plant at Waterloo, Iowa, thus enabling us to meet more nearly the needs of customers and our own feed supplement department.

Sales of prescription products, such as *Biolac*, *Mull-Soy* and powdered infant foods, continued to grow. Also placed in limited markets was *Gerilac*, a new modified milk product designed to meet the specialized nutritional requirements of older people.

EXPORT OPERATIONS

American production of whole milk powder, which is our chief export product in normal times, increased about sevenfold during the war. With the demand by armed forces drastically reduced, new markets will be required to absorb future production.

CANADA

The close of the war was followed by few major changes in the operations of The Borden Company, Limited. Most of the wartime controls affecting our business remained.

Despite the substantial increase in milk production and the continuation of restrictions on consumer sales, supply was insufficient to meet the heavy demands for concentrated products for export. There was a reduction in military and Red Cross orders, but this was offset by government requisitions for concentrated products. Domestic demand for fluid milk was increased by the high consuming habits of returned service men, and by the new family allowance program which permits larger food expenditures by lower income families.

Borden goods bound for Overseas.





Giving it character — Canadian technician transfers a mould of penicillium roqueforti before adding it to the layers of fresh cheese curd.

ADMINISTRATIVE MATTERS

RESEARCH

Our research men worked primarily on the development of new products, as major responsibility for improving present products and processes was centered more in the control laboratories.

Development work was concentrated on items which fit into the company's present production facilities and can be marketed through our established trade channels. Research is grouped into five general programs, covering such diverse projects as studies in the food field, casein and resin adhesives, soybeans, pharmaceuticals, and animal nutrition.

THE EMPLOYEES

Among the factors accounting for our good relationship with employees were the absence of major problems resulting from reconversion and our policy of placing responsibility with divisional management, which is able to keep a close and sympathetic contact with employees and their problems.

Recognition of long service by employees was given through the establishment of Borden's

Quarter Century Club, and the initiation into the club of 2,699 employees with 25 years or more of service. Of these, 162 had been employed by the company for 40 years or more, and eight for at least a half-century.

Checkup — Employee physical examinations are regular company procedure.





IN 1945 — THEY HAD FIRST CALL . . .

Continuing in effect for the benefit of a large percentage of our employees were contributory plans of group insurance. These provide protection in the event of death; non-occupational sickness, accident and accidental death. Hospitalization insurance is also provided.

In the field of safety, considerable progress was made. Despite a rising accident rate in industry generally, accidents involving Borden employees or vehicles were held to our low 1944 rate. This gratifying showing was due to unceasing accident prevention work, in which employees cooperated fully.

INCENTIVES

The wisdom of our policy of providing incentive compensation to officers and employees assigned to responsible positions was again proved by the results of the year's operations.

As approved by the Board of Directors, our program includes one plan providing incentive compensation for key employees, and one offering the same type of compensation to officers. During the year 623 employees were designated

as eligible for participation in the plan, and about 545 earned approximately \$680,000 through their individual accomplishments. Under the plan for officers, which is based primarily on the profit performance of the divisions for which each officer has executive responsibility, approximately \$73,000 was earned by 8 corporate officers. Of the total payments made, employees received 90.3% and officers 9.7%. Neither the Chairman of the Board nor the President is eligible for any incentive compensation.

In addition to stimulating aggressive, resourceful leadership, particularly in our decentralized operating divisions, the program has undoubtedly been instrumental in retaining through these unsettled times the services of many men of exceptional ability.

ADVERTISING

Although products were in short supply, we pursued an aggressive advertising policy in order to keep our brand names before the public, against the day when we can again take

NOW — IT'S BETTER SERVICE FOR ALL



care of all customers. In addition to advertising Borden's and its products, generous amounts of time and space were devoted to projects sponsored by the government to further the war effort.

In magazine advertising, the "Elsie" campaign was carried on in publications having a circulation of 30,000,000, and continued to hold high reader interest. Radio advertising was again used, with our network programs attracting a growing audience of listeners.

An interesting innovation during the year was the use of an Elsie advertisement to present the 1944 Annual Report to a broader section of the public. Designed to encourage a better understanding of The Borden Company—and of private enterprise, generally—this advertisement attracted considerable favorable comment.

In closing this report, I wish a warm welcome home to the men and women of Borden's who served their country in uniform and whose service reflected credit to the company. To those who have already returned, or will rejoin us soon, as well as to the other veterans entering the company's employ for the first time, congratulations on a job well done and best wishes for the future.

Also, I recognize with appreciation the contributions of members of the Borden organization and those outside the company whose co-operative efforts resulted in a record output of goods during the war years and who are now helping to blaze a trail to peacetime progress.

Special acknowledgment is due my twelve associates on the Board of Directors whose broad experience and sound judgment were so helpful in solving many complex problems during this same period.

Official recognition of the company's contribution to the war came from several sources. The Army Service Forces issued five Certificates



President Montague congratulates two half-century men from the home office.

of Meritorious Service, citing the work of our divisions and the company as a whole. In addition, the Department of Agriculture presented "A" awards to our plants at Chester, South Carolina; Macon, Mississippi; and West Branch, Michigan. These awards were for food production records, as were the stars added to the "A" flag previously presented at Bainbridge, New York, and to the "E" flag at Plymouth, Wisconsin.

FINANCIAL STATEMENTS

Financial statements for the year and the certificate of Haskins & Sells, certified public accountants, appear on the pages which follow. Also appended is a number of special articles about the company for the information of stockholders, employees, and the general public.

This report is submitted by order of the Board of Directors.

THEODORE G. MONTAGUE,
President

THE BORDER

and Domestic and Canadian

CONSOLIDATED BALANCE SHEET,

		December 31	
		1945	1944
ASSETS			
CURRENT ASSETS:			
Cash		\$ 30,133,484	\$ 33,972,396
Marketable Securities—At Cost (Market Value—1945, \$27,808,743; 1944, \$9,660,648)		27,806,725	9,656,545
Receivables (Including loans to employees—1945, \$91,234; 1944, \$57,259) less Reserves for Doubtful Accounts—1945, \$2,258,264; 1944, \$2,180,217		17,369,830	20,877,457
Inventories—At the Lower of Cost or Market:			
Finished Goods	Materials & Supplies		
1945—\$14,167,745	\$17,306,931	31,474,676	
1944— 15,178,995	19,013,118		34,192,113
Total Current Assets		\$106,784,715	\$ 98,698,511
INVESTMENTS AND NON-CURRENT RECEIVABLES:			
Foreign Affiliated Companies		\$ 804,083	\$ 1,001,572
United States and Canadian Government Bonds on Deposit . . (Pursuant to Workmen's Compensation and Milk Control Laws, etc.)		1,889,616	1,796,027
Mortgages		1,666,823	2,113,861
Other		3,824,951	4,768,763
Total		\$ 8,185,473	\$ 9,680,223
Less Reserves		1,305,861	1,333,475
Net Investments and Non-Current Receivables		\$ 6,879,612	\$ 8,346,748
PROPERTY AND EQUIPMENT			
(Principally at cost, but in part at lower valuations established by the company)		\$131,236,166	\$128,078,197
Less Reserves for Depreciation (Based upon above property valuations)		66,000,856	63,238,706
Net Property and Equipment		\$ 65,235,310	\$ 64,839,491
DEFERRED CHARGES		\$ 876,544	\$ 958,560
TRADE-MARKS, PATENTS AND GOOD-WILL		\$ 1	\$ 1
TOTAL		\$179,776,182	\$172,843,311

See Page 19 for notes to financial statements.

THE BORDEN COMPANY
 Italian Subsidiary Companies

DECEMBER 31, 1945 AND 1944

LIABILITIES

	December 31	
	1945	1944
CURRENT LIABILITIES:		
Accounts Payable	\$ 19,139,470	\$ 16,706,158
(Including current maturities of serial notes, \$801,000 in each year)		
Accrued Accounts:		
Taxes	3,480,828	3,553,045
(After deducting Treasury Savings Notes equal to accrued United States Income and Excess Profits Taxes— 1945, \$25,700,000; 1944, \$22,500,000)		
Other	5,277,201	4,438,789
Total Current Liabilities	\$ 27,897,499	\$ 24,697,992
NON-CURRENT LIABILITIES:		
Notes Payable—2% Serial Notes maturing \$801,000 annually until 1950; remainder in 1951	\$ 12,895,000	\$ 13,696,000
Other	38,520	139,025
Total Non-Current Liabilities	\$ 12,933,520	\$ 13,835,025
RESERVES:		
Contingency Reserve	\$ 1,616,061	\$ 2,317,493
(After charges for losses on disposal of property—1945, \$701,432; 1944, \$227,692)		
Special Contingency Reserve (Note 2)	10,507,245	11,189,195
For Replacement of Depleted Normal Inventories	3,667,859	3,079,099
For Purchase of Employees' Deferred Retirement Annuities— based on service prior to July 1, 1939	600,483	723,903
Insurance Reserves	6,791,988	6,937,676
Other Reserves	8,544,211	6,161,731
Total Reserves	\$ 31,727,847	\$ 30,409,097
CAPITAL STOCK AND SURPLUS:		
Capital Stock—THE BORDEN COMPANY		
Common \$15 par—Authorized 8,000,000 shares; Issued 4,417,958 shares	\$ 66,269,370	\$ 66,269,370
Capital Surplus	13,836,192	13,618,188
Earned Surplus	32,515,806	28,816,270
Total	\$112,621,368	\$108,703,828
Less Treasury Stock—At Cost:		
1945, 177,958 shares; 1944, 167,958 shares (Including stock reserved under Officers and Employees Stock Option Plan—1945, 16,500 shares; 1944, 31,000 shares)	5,404,052	4,802,631
Capital Stock Outstanding (1945, 4,240,000 shares; 1944, 4,250,000 shares) and Surplus	\$107,217,316	\$103,901,197
TOTAL	\$179,776,182	\$172,843,311

THE BORDE and Domestic and Canadi

STATEMENT OF CONSOLIDATED NET INCOME For the Years Ended December 31, 1945 and 1944

	Year Ended December 31	
	1945	1944
NET SALES	\$459,454,880	\$410,478,189
OTHER INCOME:		
Interest, Dividends and Royalties	692,069	622,727
Rentals, less Expenses of Properties Rented or Unessential to Operations	141,924	138,140
Other	115,893	612,904
TOTAL	<u>\$460,404,766</u>	<u>\$411,851,960</u>
LESS:		
Cost of Goods Sold	\$387,146,019	\$346,247,021
Selling, General and Administrative Expenses and Other Charges	33,222,100	28,613,365
Interest Expense	329,777	305,753
Provision for Wartime Contingencies and Transition to Peacetime Economy		2,500,000
Provision for Deferred Repairs and Maintenance	700,000	700,000
Provision for Federal and Other Taxes on Income	26,912,898	23,497,827
TOTAL	<u>\$448,310,794</u>	<u>\$401,863,966</u>
NET INCOME FOR THE YEAR	<u>\$ 12,093,972</u>	<u>\$ 9,987,994</u>

Provision for depreciation charged to operations was \$6,758,104 for 1945 and \$6,448,415 for 1944.

STATEMENT OF CONSOLIDATED EARNED SURPLUS For the Years Ended December 31, 1945 and 1944

	Year Ended December 31	
	1945	1944
BALANCE AT BEGINNING OF YEAR	\$ 28,816,270	\$ 26,421,711
NET INCOME FOR THE YEAR	12,093,972	9,987,994
TOTAL	<u>\$ 40,910,242</u>	<u>\$ 36,409,705</u>
DEDUCT:		
Dividends Paid during the Year (\$1.80 per share in 1945 and \$1.70 per share in 1944)	\$ 7,623,711	\$ 7,267,990
Write-off of Good-Will purchased during the year	770,725	325,445
TOTAL	<u>\$ 8,394,436</u>	<u>\$ 7,593,435</u>
BALANCE AT END OF YEAR	<u>\$ 32,515,806</u>	<u>\$ 28,816,270</u>

See Page 19 for notes to financial statements.

IN COMPANY

an Subsidiary Companies

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS

For the Years Ended December 31, 1945 and 1944

	Year Ended December 31	
	1945	1944
BALANCE AT BEGINNING OF YEAR	\$ 13,618,188	\$ 13,373,669
Proceeds from disposal of unessential properties previously written off against Capital Surplus, and fair operating values ascribed to other such properties adapted to some operating use	218,004	244,519
BALANCE AT END OF YEAR	<u>\$ 13,836,192</u>	<u>\$ 13,618,188</u>

NOTES TO FINANCIAL STATEMENTS

(1) Net Current Assets, and Canadian Government Bonds on Deposit and Postwar Tax Refunds included in Investments and Non-Current Receivables, of Canadian subsidiaries have been converted at the official exchange rate and are included in the Consolidated Balance Sheet at their U. S. dollar equivalent of \$3,727,737 and \$1,556,186, respectively, at December 31, 1945 and \$4,175,198 and \$1,179,013, respectively, at December 31, 1944. Other assets of such subsidiaries aggregating \$5,282,941 at December 31, 1945 and \$5,326,829 at December 31, 1944 are included at parity of exchange. Net Income of Canadian subsidiaries has been converted at the official exchange rate and is included in the Statement of Consolidated Net Income at its U. S. dollar equivalent.

(2) The Special Contingency Reserve (created for wartime contingencies and transition to peacetime economy) was charged in 1945 with \$460,022 representing losses incident to the curtailment of production for wartime needs, and with \$221,928 representing a reduction of \$1,590,945 in the contract price of sales in the year 1944 which were subject to renegotiation, less United States Income Tax of \$1,369,017 applicable thereto. In 1944 this Reserve was charged with \$70,805 representing a reduction of \$398,992, less income tax of \$328,187, applicable to similar sales in the year 1943. An estimated provision for possible renegotiation for 1945 has been made in the Statement of Consolidated Net Income.

(3) In recent years the last-in, first-out method has been employed in costing out inventories of certain products in order to reflect current cost of production in cost of goods sold. In the years 1942, 1943, and 1944, as an extension of this method, a reserve of \$3,079,099 was provided so that the quantities by which normal inventories of these products had been depleted, when restored through subsequent production, may be carried at the previously established last-in, first-out valuation. In 1945 the Company added a further estimated provision of \$588,760 to this reserve.

(4) The Statement of Consolidated Net Income does not include the Company's share (approximately \$580,000 for 1945 and \$310,000 for 1944) in the net income of unconsolidated foreign affiliated companies, from which companies no dividends were received during these years.

ACCOUNTANTS' CERTIFICATE

THE BORDEN COMPANY:

We have made an examination of the consolidated balance sheet of THE BORDEN COMPANY and Domestic and Canadian Subsidiary Companies as of December 31, 1945, and of the related statements of consolidated net income, earned surplus, and capital surplus for the year ended that date, have reviewed the accounting procedures of the companies, and have examined their accounting records and other evidence in support of such financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all auditing procedures we considered necessary, which procedures were applied by tests to the extent we deemed appropriate in view of the systems of internal control.

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated net income, earned surplus, and capital surplus, with the notes pertaining thereto, fairly present the financial condition of the companies at December 31, 1945 and the results of their operations for the year ended that date, in conformity with generally accepted accounting principles and practices applied on a basis consistent with that of the preceding year.

Haskins & Sells.

New York,
February 21, 1946



ABOUT ADVERTISING

Borden expenditures for advertising and promotion have increased for the past several years as sales volumes have expanded.

Each Borden product and operation which is susceptible to promotion by advertising carries its individual appropriation, and conducts its own promotion program tailored to fit its individual needs.

In addition to the product campaigns, we inaugurated in 1939 an over-all advertising program designed not only to strengthen product sales but to convey to consumers the basic philosophy of management: that *any* product bearing the Borden name is a *good* product and worthy of public confidence and patronage.

At the outset, this campaign ran in national magazines and served to introduce on a country-

wide scale our trade character "Elsie the Cow" and our slogan "If it's Borden's it's got to be good."

With increasing sales volume and convincing evidence of the effectiveness of the advertising, the program was expanded during 1944 and 1945 to include additional magazines and network radio. At the present time seven national weeklies carry the Elsie campaign in full color on an every-fourth-week basis, and three Borden network programs are broadcast weekly: The Ginny Simms Show Friday evenings and County Fair on Saturdays on CBS, and Canadian Cavalcade Monday evenings on the Trans-Canada Network.

We plan to use advertising vigorously and in increasing volume, consistent with sales progress, with three fundamental purposes in mind:

1. To aid in the sale of present products and services, and to expedite complete and effective distribution of forthcoming new products.
2. To explain to the consuming public, in controlled space and time, matters relating to the company and the industry which touch the public interest.
3. To aid suitable organizations in mass information programs concerned with the public welfare.

We consider that the function of advertising is to promote our goods and services but believe that in so doing we may also, upon occasion, lend aid to suitable projects and causes, and thus express our sense of good citizenship.

THE GINNY SIMMS SHOW



COUNTY FAIR



CANADIAN CAVALCADE



OUR FLEXIBLE OPERATING PLAN

When Gail Borden launched his small-scale enterprise in 1857, neither he nor the food business generally was confronted with very complex operating problems. His product was turned out by a single plant; he himself sold his condensed milk from door to door.

As the country and its needs expanded, the stature of individual businesses grew also, and the old, simple operating patterns no longer sufficed. Growth was usually gradual, and as new plants were built and new product outlets developed, it was quite natural that the home office, which provided the needed coordination, should hold the strings of control. But, in time, some expanding business establishments found themselves enmeshed in complicated administrative procedures that bogged down operations.

Like other old concerns, Borden's faced this situation several times. Out of its experience came a flexible operating plan, established as a prime management policy, but also shaped and made possible by the very nature of the company's operations. It calls for the conduct of the company's business on a community basis wherever practical, without discarding centralized direction if conditions make this necessary.

Wherever the business is localized, where it serves local customers and depends mainly on local supplies, then control is vested in local management. In other phases of the company's activities, however, where close coordination is essential for efficient countrywide operation, decentralized management is neither desirable nor provided for under the plan. Even in these latter cases, however, in matters such as employee and community relations responsibility rests largely with local management.

An example of centralized control, as exercised in several divisions, may be found in the company's evaporated milk operations. Here Borden plants located in 14 states manufacture a product which is sold in all 48 states, and decentralized direction of production or distribution would not serve the best interests of either the company or its customers.

In the fluid milk and ice cream divisions, however, there is a different situation and one

that lends itself admirably to decentralized operation.

No other branch of the food industry is as thoroughly local in character as the fluid milk business. Every milk market, no matter how small, is unique. It has its own pattern of consumer wants, its own board of health regulations and system of buying milk from producers, its own established practices affecting processing and distributing operations all the way from farm to home.

Local conditions govern the ice cream business also. Since it depends mainly on local sources for its dairy products, absorbing the surplus milk during the season of flush milk production, it is necessarily geared to the local milk industry in procuring its supplies. Local custom determines consumer preferences in ice cream, and merchandising practices vary from market to market. Like the fluid milk units, ice cream operations are ideally managed under a decentralized policy.

In his own community the manager of a fluid milk or ice cream plant is The Borden Company. He operates his plant very much as an owner-manager, being subject only to the broadest over-all policies, such as those requiring maintenance of the Borden tradition of fair-dealing, and Borden standards of quality and service.

Behind the local manager, to help him do the most efficient job, are the facilities of the entire Borden organization. He is aided by national advertising, by developments of the research laboratories, by the pooling of production and sales information, and by the services of professional and technical personnel upon whom he may call.

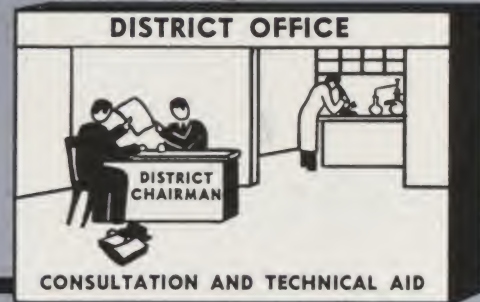
By vesting authority in a responsible local representative, the company prevents the problems and dangers of remote control. Competent, resourceful local management is able to deal directly and sympathetically with producers and employees and understand the needs of the community it serves. In large measure, this plan of decentralized, hometown management has developed the good public relations which the company enjoys wherever it does business.

THE STORY OF HOMETOWN MANAGEMENT

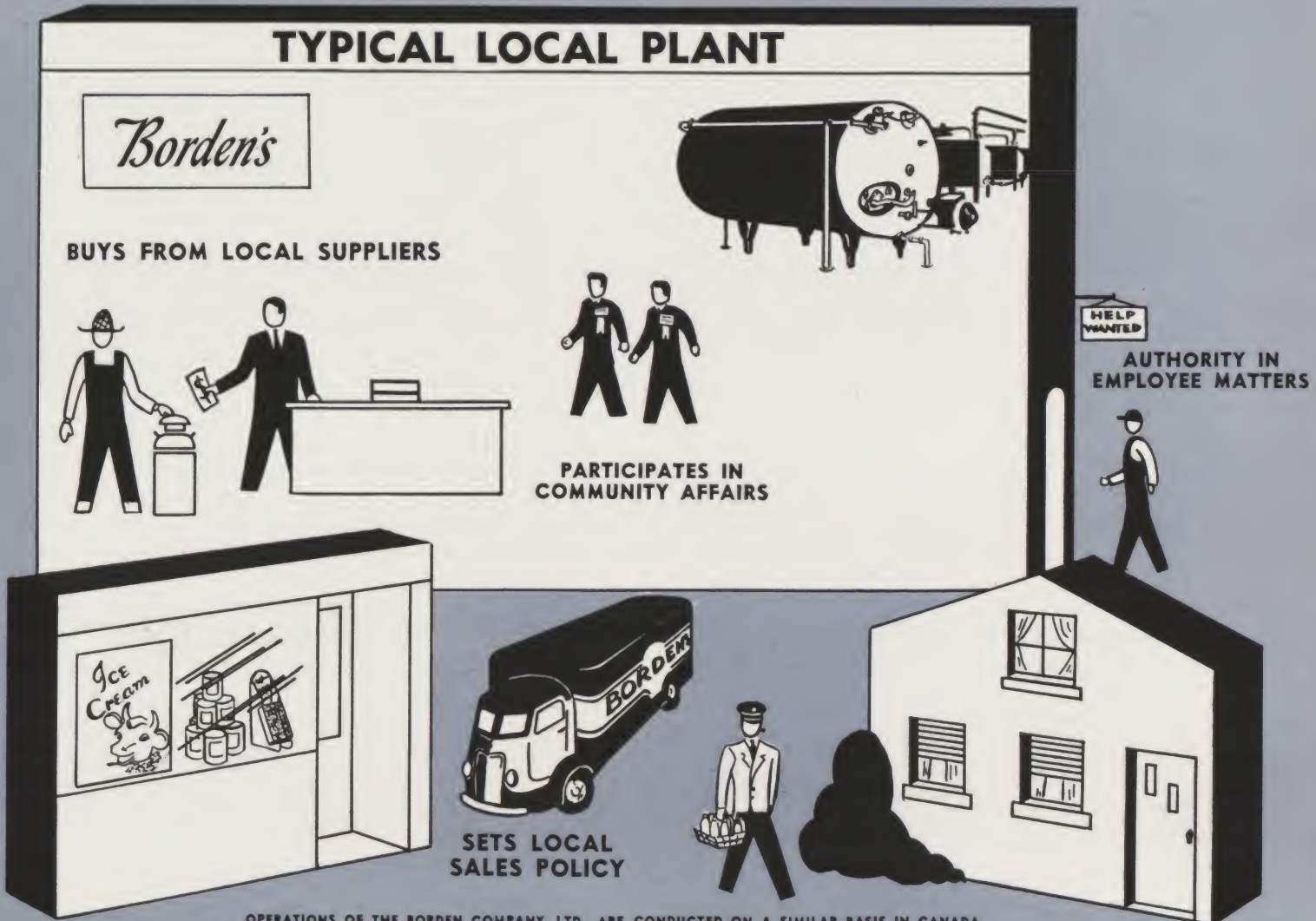
BORDEN'S DECENTRALIZED
OPERATING POLICY:
THE FLUID MILK AND ICE CREAM DIVISIONS



DISTRICT OFFICES ARE LOCATED IN: BALTIMORE,
CHICAGO, COLUMBUS, HOUSTON, NEW YORK
CITY, SAN FRANCISCO, TAMPA, TROY, N. Y.



TYPICAL LOCAL PLANT



OPERATIONS OF THE BORDEN COMPANY, LTD., ARE CONDUCTED ON A SIMILAR BASIS IN CANADA.



SOME NEWCOMERS

THE PRODUCT FAMILY

The Borden product family is increasing. Its numbers run well into three figures. Yet the arrival of every new member is an event of foremost interest. And each infant product is handled with the greatest care to assure fulfillment of the high hopes which accompanied its arrival.

New members added to the product family circle in the past half-dozen years through a well-planned diversification program not only have brought us additional sources of income but greater opportunities for service. Although the sales volume of some is now small when compared with older members of the family, these new products fit naturally into our operations and help round out our activities.

Many were the outgrowth of existing operations. Others were selected to fill a definite need, to capitalize on a specific marketing opportunity or to make fuller use of our manufacturing and distribution facilities. Some of the recent entries in our 1945 product list illustrate admirably how new products fit into our program.

From our long experience in drying milk, eggs, fruit juices and other products, our entry into the field of soluble coffees was a natural step. We were already at work on the problem when the Army announced its need for a powdered coffee that the man in foxholes could prepare quickly with hot or cold water. And the

government had first call on *Borden's Instantly Prepared Coffee* which was praised by high Army officials and G.I.s alike for its fine flavor and the ease with which it could be brewed under the most difficult conditions.

The Armed Forces used our entire output of coffee until June 1, 1945, when it was released for civilian trade. Our Grocery Products Division was the natural medium of distribution and introduced it in cities throughout the country as fast as production and packaging facilities would permit.

Borden's Instantly Prepared Coffee was an instant hit with housewives. Sales are mounting steadily, and it is fast becoming one of the outstanding items on our grocery products list.

The story is the same with other new products introduced in 1945, and with those which are now in process of development. For example, the number of Americans over 65 years of age is steadily increasing. Many older people suffer because of nutritional deficiencies, resulting from their inability to consume adequate diets. To help meet this problem our research men developed *Gerilac*, a powdered modified milk, the first food designed specifically for older people. It is a diet supplement and provides the full daily requirement of vitamins and minerals, in addition to important proteins, carbohydrates and fats.

Hemo, our popular chocolate-flavored drink, was packaged in liquid form, in addition to the familiar powdered type. *Cascophen*, a liquid resorcin-resin glue developed for war uses, is now available for household and small shop purposes. Other new products include *Soynuts*, roasted and salted soybeans; *Soyco*, a powdered soy protein whipping agent; and an improved ice cream stabilizer which was placed on the market as *Baiz*.

Growth also occurred in another direction. Greater demand for Borden products brought with it geographical development. New units were acquired in several sections of the country to supply the company's widening markets. And so by creating new products, by finding new uses for old ones, by acquiring new, strategically-located plants, by intelligent development, the company has strengthened its economic structure and increased its capacity for service.

SERVICE WITH SAFETY

A child breaks away from a group of youngsters at play and runs in front of a truck. The driver stops in time, then speaks to the frightened children, warning them of traffic dangers, and urging them to help guard the lives of smaller boys and girls. They listen intently to his friendly, helpful words. They promise to be more careful in the future; and they are.

This is a typical incident involving a Borden driver. Hundreds similar to it are repeated every year; and scores of parents throughout the nation, usually without knowing it, are indebted to the company's drivers for helping protect their children against death or injury.

Borden drivers are leaders in the safe-driving crusade. They know the causes of accidents. They know how to prevent them. They know safety pays dividends by winning friends, bettering service, increasing efficiency, saving lives and avoiding costly accidents. But they know they can't do the job alone; so wherever they go they win the cooperation of others by example.

They aren't looking for praise. They and the company consider safe driving a part of their job. They feel a personal responsibility to the community they serve to travel safely whether they are delivering milk or ice cream, or moving goods to processing plants or warehouses.

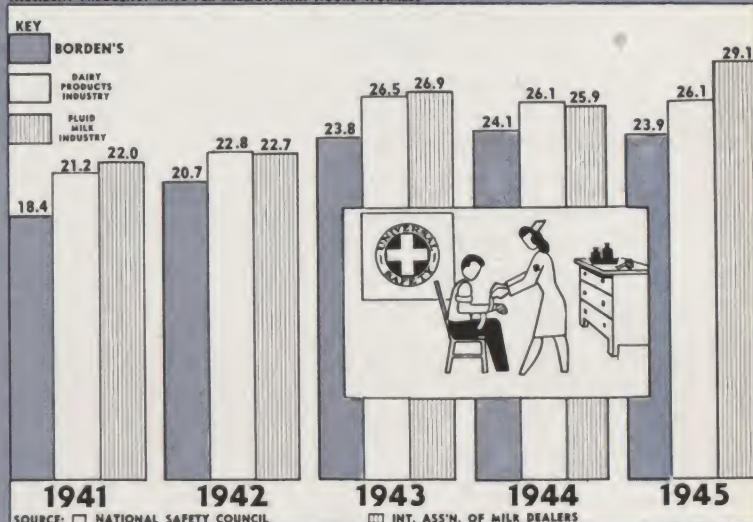
We're proud of our drivers who each year receive awards for their unusual safety record. The year 1945 was typical. While establishing records that won regional and national safety

honors for the company's divisions and drivers, our 8,200 trucks travelled a total of 70 million miles. Seventy million miles of all-weather driving, much of it in crowded traffic, with less than one accident for each 25,000 miles! This was the average; and good as it is, it is overshadowed by the unusual record of 1,014 of our men who have driven ten years or more without an accident. And in Borden's book every mishap is counted as an accident—even a scratched fender.

These are a few of the signs of our progress in highway safety. They show that wherever Borden's operates, safe driving is a part of our service.

BORDEN'S SAFETY PROGRAM REDUCES EMPLOYEE INJURIES ALSO

(ACCIDENT FREQUENCY RATE PER MILLION MAN HOURS WORKED)



OUR RETOOLING PROGRAM

During the year 1946 we plan to spend about \$23,000,000 on new tools for our business. This sum, larger than any we have ever before invested in this way in a single year, will be used for the new plants and equipment that our employees need to do their job.

Operating during the war was a heavy strain as many plants turned out a volume of products beyond the capacity for which they were originally geared. Yet, it was virtually impossible to expand buildings, or to replace overburdened machinery and vehicles as they wore out. Many needed materials went for war construction, and suppliers were tied up with war orders.

Employees saw how this situation was met. We made emergency repairs, devised make-shifts, got along with overcrowded plants. The job was done, but efficiency suffered. Our motor fleet is in sorry shape, few trucks having been manufactured since 1941, and much of our processing equipment is outmoded or has received such heavy use that it should be replaced.

In some areas new buildings are needed and are being provided. Increased economy and efficiency in processing and production were stressed in planning the plants, but these qualities were combined so skilfully with excellence of design that the new Borden buildings will add to the architectural beauty of their communities. The outstanding projects on which construction is scheduled during 1946 include a cheese plant at Plymouth, Wisconsin; a combination fluid milk and ice cream unit at Milwaukee, Wisconsin; a fluid milk plant at Oklahoma City, Oklahoma, and a casein factory at Bainbridge, New York. All the buildings will be of steel and concrete construction with brick exteriors.

The three and one-half story Milwaukee installation will have a milk processing capacity of 250,000 pounds a day and will be able to

produce one and one-half million gallons of ice cream a year.

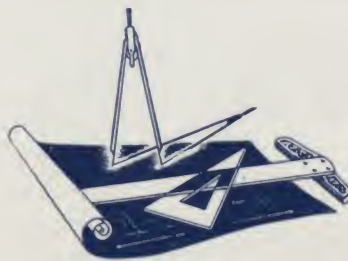
The cheese plant being built a short distance from our present operation at Plymouth includes a four-story factory and a warehouse. The old plant will be used for storage and curing of cheese after the new one goes into operation.

The new fluid milk plant at Oklahoma City is of striking design and is located on a boulevard in one of the better sections of the city. It will have a capacity of 65,000 pounds of milk a day. When the new building is completed the present plant will be remodeled and converted into an ice cream unit with a capacity of a million gallons a year.

The Casein Company of America plant going up at Bainbridge replaces the factory destroyed by fire February 1, 1944. The Casein Company had planned a five-year building program, but the fire made it necessary to put the entire project into effect at once. The new building has a maximum height of six stories, and floor space of 120,000 square feet. In turning out more than 300 products it will handle sixty million pounds of casein and other materials a year.

Some of the cost of retooling will be covered by depreciation charges which are made every year to provide funds for the replacement of plants and equipment as they wear out or become inefficient. But these funds during 1946 will not be large enough to take care of scheduled expenditures because construction and equipment cost more than formerly, and growth of the business requires more tools. For additional sums we shall have to draw upon our working capital.

Both the stockholders who provide the tools and the employees who use them can take pride in this new program which makes for better working conditions and greater efficiency.





OKLAHOMA CITY, OKLAHOMA



BAINBRIDGE, NEW YORK



PLYMOUTH, WISCONSIN



MILWAUKEE, WISCONSIN

TIDES OF TRADE

Selling goods in all sections of the United States, and in Canada, Borden's also contributes to the wealth and buying power of every section by its payrolls, purchases of supplies and produce, payment of local taxes, and dividends to stockholders.

1945



FARMERS,
EMPLOYEES
AND TAXES

\$323,265,697

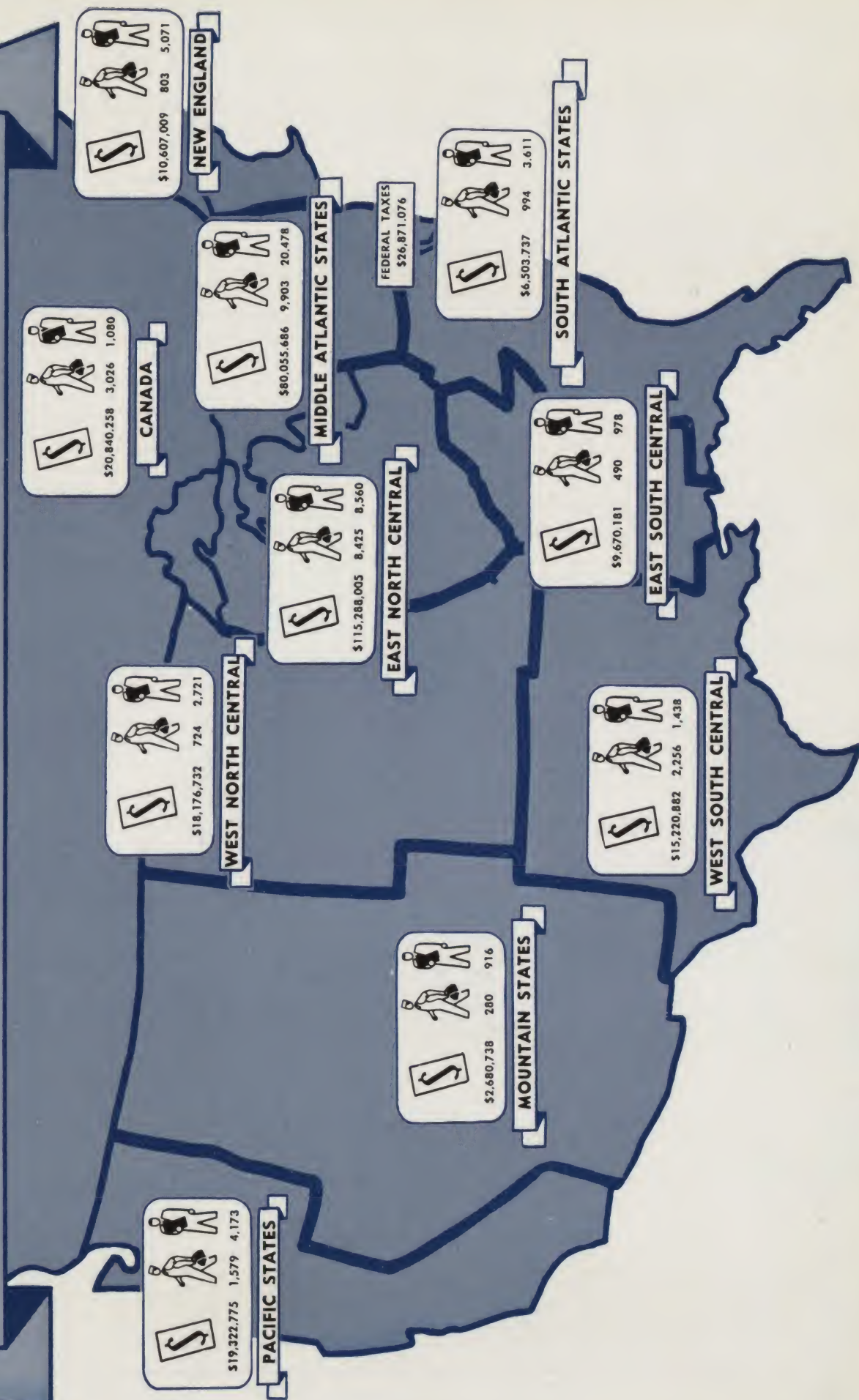


NUMBER
OF
EMPLOYEES

28,484

NUMBER
OF
STOCKHOLDERS

49,278



The Past Five Years

FINANCIAL POSITION

ASSETS:	1945	1944	1943	1942	1941
Cash	\$ 30,133,484	\$ 33,972,396	\$ 26,470,542	\$ 22,763,267	\$ 20,321,433
Marketable Securities	27,806,725	9,656,545	9,844,919	9,586,708	4,489,075
Receivables	17,369,830	20,877,457	17,199,554	16,459,548	18,089,718
Inventories	31,474,676	34,192,113	34,249,927	28,847,337	28,695,550
Investments and Non-Current Receivables	6,879,612	8,346,748	6,470,531	3,165,185	3,209,262
Property and Equipment	65,235,310	64,839,491	66,539,599	68,964,011	69,378,011
Deferred Charges	876,544	958,560	1,132,595	1,018,063	902,581
Trade-Marks, Patents and Good-Will	1	1	1	1	1
Total Assets	<u>\$179,776,182</u>	<u>\$172,843,311</u>	<u>\$161,903,668</u>	<u>\$150,804,120</u>	<u>\$145,085,631</u>
LIABILITIES:					
Current Liabilities	\$ 27,897,499	\$ 24,697,992	\$ 22,926,455	\$ 19,282,081	\$ 20,902,424
Non-Current Liabilities	12,933,520	13,835,025	10,637,506	11,376,014	11,833,716
Total Liabilities	<u>\$ 40,831,019</u>	<u>\$ 38,533,017</u>	<u>\$ 33,563,961</u>	<u>\$ 30,658,095</u>	<u>\$ 32,736,140</u>
STOCKHOLDERS' FUNDS AND RESERVES:					
Reserves	\$ 31,727,847	\$ 30,409,097	\$ 24,702,056	\$ 17,292,640	\$ 11,464,736
Capital Stock and Surplus	107,217,316	103,901,197	103,637,651	102,853,385	100,884,755
Total Stockholders' Funds and Reserves.....	<u>\$138,945,163</u>	<u>\$134,310,294</u>	<u>\$128,339,707</u>	<u>\$120,146,025</u>	<u>\$112,349,491</u>

OPERATING RESULTS

RECEIPTS:	1945	1944	1943	1942	1941
Sales	\$459,454,880	\$410,478,189	\$371,866,527	\$325,350,306	\$259,128,514
Other Income—Net	620,110	1,068,018	908,484	187,914	464,603
Total	<u>\$460,074,990</u>	<u>\$411,546,207</u>	<u>\$372,775,011</u>	<u>\$325,538,220</u>	<u>\$259,593,117</u>
DISPOSITION:					
To Farmers	\$216,176,520	\$196,866,197	\$183,775,086	\$153,263,042	\$122,949,621
Payroll	74,180,581	67,963,166	62,364,299	57,968,360	52,319,148
Taxes	32,908,596	30,281,637	21,954,543	15,096,404	8,593,518
Total to Farmers and for Payroll and Taxes..	<u>\$323,265,697</u>	<u>\$295,111,000</u>	<u>\$268,093,928</u>	<u>\$226,327,806</u>	<u>\$183,862,287</u>
Costs and Expenses of Operations	117,957,217	99,998,798	88,832,423	84,347,446	61,266,150
(Including reserve provisions made because of wartime conditions)					
Depreciation	6,758,104	6,448,415	6,442,955	6,483,314	6,194,108
Total	<u>\$447,981,018</u>	<u>\$401,558,213</u>	<u>\$363,369,306</u>	<u>\$317,158,566</u>	<u>\$251,322,545</u>
NET INCOME	<u>\$ 12,093,972</u>	<u>\$ 9,987,994</u>	<u>\$ 9,405,705</u>	<u>\$ 8,379,654</u>	<u>\$ 8,270,572</u>

Principal Borden Products . .

MANUFACTURED PRODUCTS UNITED STATES

Except where otherwise indicated, products listed are sold generally throughout the country.

CONDENSED MILK

Borden's Eagle Brand.
Sold sectionally in various parts of the country: Challenge, Darling, Dime, Leader, Magnolia, Rose, Standard and Star Brands.

EVAPORATED MILK

Borden's.
Sold in the Eastern, Central and Southern States.
Borden's, Maricopa, St. Charles and Oregon Brands.
Sold in the Western States.

MALTED MILK

Borden's (Plain and Chocolate Flavored).
Thompson's (Plain and Chocolate Flavored).

VITAMIN FORTIFIED FOOD DRINKS

Borden's Hemo (Dry).
Borden's Hemo (Liquid)—*limited distribution.*
D-Q—Vitamin Fortified Fluid Milk—*limited distribution.*
Instant Mix—for making Hot Chocolate—*limited distribution.*
Chocolate Flavored Syrup—*limited distribution.*

COFFEE

Borden's Instantly Prepared Coffee—100% Pure Coffee.

CHEESE

Liederkrantz Brand Cheese; Military Brand Camembert.
Bulk Natural Cheese (all varieties); Marty and Victory Brands Swiss; Dutch Maid, Castle and Eagle Brands Limburger.
Package Cheese: Chateau; Borden's Process Cheese; Borden's Eagle Brand Cream Cheese; Borden's Wej-Cut Cream Cheese; Borden's Cocktail Cheese Spreads; Borden's Grated Cheese (American and Italian Styles).

CONFECTIONERY

Borden's Caramels.

MINCE MEAT AND FRUIT BASE

Borden's None Such—Condensed and ready to use.
Pyco Sweetened Fruit Base—*East and Central States.*

MILK SUGAR

Bulk Milk Sugar and Beta Lactose.

PRESCRIPTION PRODUCTS

Biolac, Dryco, Mull-Soy, Beta Lactose, Klim, Powdered Whole Lactic Acid Milk, Powdered Protein Milk, Powdered Skimmed Lactic Acid Milk, Powdered Skimmed Milk, Gerilac, Vitamin Capsules and Water Dispersible Vitamins.

POWDERED MILK

Borden's Klim.
Starlac 1 lb. package—*limited distribution.*
In bulk only: Parlac Brand Whole Milk. Breadlac, Starlac and Certora Brands Non-Fat Dry Milk Solids.

OTHER DEHYDRATED PRODUCTS

Dry Whole Egg.
In bulk only: Powdered Orange and Lemon Juices.
Drimix (Dried Ice Cream Mix).

POULTRY AND ANIMAL FEED SUPPLEMENTS

Flaydry, Flaydry "D", Ladpro, Ration-ayd, Hopro, Cavpro, Bospro, Dog Food Supplement, Furpro and Fish Meal. Vitamin A & D Oils and Dry Vitamin A & D Products for Poultry and Livestock. Vitamin Emulsion for Calf Feeding.

ICE CREAM, DAIRY, CANDY AND BAKERY PRODUCTS

Chocolate, Orange, Grape and other Syrups, Fudges, Flavoring Extracts (Liquid and Powder).
Dry Ice Cream Mix, Golden Whip, Egg Powders, Chocolate Flavored Powder for Dairy Drinks, Baiz Ice Cream Stabilizer. Cheese Coating for Popcorn, Soyco, Roasted Soy Nuts, Soynut Koppers, Salted Soyettes.

SOY PRODUCTS

Soy Bean Oil, Soy Bean Oil Meal, Soy Bean Flour.

VITAMIN PRODUCTS

Vitamin Oils in bulk, Synthetic Vitamins, B Complex Syrups. Natural A and D Concentrates, Rice Polish Concentrates. Vitamin Fortification for Fluid Milk, Vitamin Specialties for Food Fortification. High Potency Vitamin A in capsule and liquid form.
Labco Products — Edible Casein, Vitamin Free Casein, Lactalbumin.

FISH

Farallone Fisheries, fresh market fish.

CASEIN AND ADHESIVES

Casco Casein Glue, Label Glue, Flexible Cement, Wall Size. Cascola Shipping-Room Glues. Cascamite and Cascophen Resin Glue. Protovac, Cascolac and Cascorez Sizing and Finishing Products. Bulk Casein.

MANUFACTURED PRODUCTS CANADA

CONDENSED MILK

Borden's Eagle Brand, Reindeer Brand.

EGGS

Powdered and Frozen.

VITAMIN PRODUCTS

Fish Liver Vitamin Oils.

EVAPORATED MILK

Borden's.

CARAMELS

Borden's.

POWDERED FRUIT JUICE

Borden's C.M.P. Brand.

POWDERED MILK AND CREAM

Borden's Klim, Trucream, Trumilk, Drimilk, Milkstock, Breadlac and Starlac. High Protein Milk Supplement.

CHEESE

Borden's Processed Loaf and Package Cheese, Chateau, Baumert Cream Cheese, Canabec Cream Cheese, also Wej-Cut Cream Cheese, Blue Cheese.

PRESCRIPTION PRODUCTS

Dryco, Klim, C.M.P. Powdered Lactic Acid Milk and C.M.P. Powdered Protein Milk, Mull-Soy, Beta Lactose.

MALTED MILK

Borden's Malted Milk (Plain and Chocolate Flavored).

.. And Where They Are Sold

FLUID MILK AND ICE CREAM
UNITED STATES

Cities where principal Plants and Branches are located and Brands under which the products are sold.

ALABAMA

Dothan

Borden's

ARIZONA

Phoenix

{ Borden's
Maricopa

ARKANSAS

Texarkana

Borden's

CALIFORNIA

Burlingame

Borden's

Fresno

Borden's

Modesto

Borden's

Oakland

Borden's

Sacramento

Borden's

San Francisco

Borden's

San Rafael

Borden's

CONNECTICUT

Bridgeport

Mitchell's

Hartford

Borden's

Danbury

Mitchell's

Middletown

Mitchell's

New Haven

Mitchell's

Norwalk

{ Borden's
Mitchell's

Stamford

Borden's

DELAWARE

Laurel

Borden's-Sharpless

Williamington

Borden's-Sharpless

FLORIDA

Clearwater

Borden's

Daytona Beach

Borden's

Lakeland

Poinsettia

St. Petersburg

Poinsettia

Tampa

Borden's

Ft. Lauderdale

{ Borden's-
Williams

Miami

Borden's

ILLINOIS

Aurora

Borden's

Chicago

Borden's

Danville

{ Borden's-
Cherry

East St. Louis

Home

Elgin

D. & W.

Joliet

Borden's

Rockford

D. & W.

INDIANA

Fort Wayne

Borden's

Hammond

Borden's

Gary Dist.

Borden's

Indianapolis

{ Borden's
Capitol

Kokomo

Furnas

Lafayette

Furnas

Muncie

Furnas

Richmond

Borden's

South Bend

Borden's

Terre Haute

Borden's

IOWA

Cedar Rapids

Borden's

Davenport

Borden's

Fort Dodge

Borden's

Mason City

Borden's

Waterloo

Borden's

KANSAS

Leavenworth

Borden's

Topeka

Borden's

KENTUCKY

Pikeville

Borden's

LOUISIANA

Baton Rouge

Borden's

Lafayette

Borden's

Lake Charles

Borden's

New Orleans

Borden's

MARYLAND

Baltimore

Borden's

Hagerstown

Henders

Westminster

Borden's

MASSACHUSETTS

Boston

Borden's

White House

Borden's

MICHIGAN

Detroit

Borden's

Grand Rapids

Borden's

Jackson

Borden's

Kalamazoo

Borden's

Lansing

Borden's

Owosso

Borden's

Pontiac

Borden's

Saginaw

Borden's

MISSISSIPPI

Biloxi

Borden's

Gulfport

Borden's

Jackson

Borden's

MISSOURI

Kansas City

Borden's

St. Louis

Borden's

NEW JERSEY

Asbury Park

Borden's

Atlantic City

Borden's

Jersey City

Borden's

Newark

Borden's

Paterson and Northern N. J.

Borden's

Trenton

Castanea

NEW MEXICO

Clovis

Borden's

Las Cruces

Borden's

NEW YORK

Albany

Borden's

Glens Falls

{ Borden's-
Adirondack

Kingston

Borden's

Middletown

Borden's

New York

Borden's

Met. Dist.

Borden's

including Westchester County and Long Island

Borden's

Ogdensburg

Borden's

Poughkeepsie

Schrauth's

Rochester

Borden's

Troy

{ Borden's-
Collar City

Utica

Borden's

OHIO

Akron

Borden's-Averill

Bellefontaine

Borden's

Canton

Borden's

Chillicothe

Borden's

Columbus

Borden's

Moore's

Borden's

& Ross

Borden's

OHIO—(Cont.)

Dayton

{ Borden's-
Finch Farms

Lancaster

Borden's

Mansfield

{ Borden's-
Levering's

Marion

Borden's

Middletown

Borden's

Newark

Borden's

New Philadelphia

Borden's

Portsmouth

Borden's

Springfield

Borden's

Xenia

Borden's

Youngstown

Borden's-Tech

Zanesville

Borden's

OKLAHOMA

Oklahoma City

Borden's

PENNSYLVANIA

Harrisburg

Borden's

Philadelphia

Borden's-Sharpless

Pittsburgh

Borden's-Tech

York

Borden's

TEXAS

Amarillo

Borden's

Beaumont

Borden's

Big Spring

Borden's

Corpus Christi

Borden's

Dallas

Borden's

El Paso

Borden's

Houston

Borden's

Longview

Borden's

Lubbock

Borden's

Marshall

Borden's

San Antonio

Borden's

Texas

Borden's

VERMONT

Burlington

Borden's

Woodstock

Borden's

WEST VIRGINIA

Charleston

Borden's

Huntington

{ Borden's
Kennedy's

Kenova

Borden's

Wheeling

Borden's

WISCONSIN

Fond du Lac

Borden's

Madison

{ Borden's
Kennedy-Mansfield

Milwaukee

Borden's-Gridley

Racine

Borden's

CANADA

FLUID MILK AND ICE CREAM

ONTARIO

Belleville

Fluid Milk

Chatham

Fluid Milk

Cornwall

Fluid Milk

Hamilton

Fluid Milk

Kingston

Fluid Milk

Kitchener

Fluid Milk

London

Fluid Milk

Niagara Falls

Fluid Milk

Orillia

Fluid Milk

Ottawa

Fluid Milk

Peterborough

Fluid Milk

Sudbury

Fluid Milk

Toronto

Fluid Milk

Windsor

Fluid Milk

Ice Cream

Borden's

Quebec

Montreal

Borden's

Quebec

Borden's

Three Rivers

Borden's

